

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

F

W-03945A
Francesca Water Company, Inc.
PO Box 17991
Tucson, AZ 85731

RECEIVED

APR 13 2007

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

4-16-07RF

SCANNED

5-14-07

COMPANY INFORMATION

Company Name (Business Name) <u>Francesca Water Co. Inc.</u>		
Mailing Address <u>PO Box 17991</u>		
<u>TUCSON</u> (City)	<u>AZ</u> (State)	<u>85731</u> (Zip)
<u>520 623 5172</u> Telephone No. (Include Area Code)	<u>520 822 5214</u> Fax No. (Include Area Code)	<u>520 405 1559</u> Pager/Cell No. (Include Area Code)
Email Address <u>DatsIt@aol.com</u>		
Local Office Mailing Address _____		
_____ (City)	_____ (State)	_____ (Zip)
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

MANAGEMENT INFORMATION

Management Contact: <u>Southwestern Utility Management</u>		
(Name) (Title)		
<u>2102 N Forbes Blvd #107</u> (Street)	<u>TUCSON</u> (City)	<u>AZ 85745</u> (State) (Zip)
<u>520 623 5172</u> Telephone No. (Include Area Code)	<u>520 792 0377</u> Fax No. (Include Area Code)	_____ Pager/Cell No. (Include Area Code)
Email Address <u>SWUMGT@aol.com</u>		
On Site Manager: <u>SAME AS ABOVE</u>		
(Name)		
<u>PO BOX 85160</u> (Street)	<u>TUCSON</u> (City)	<u>AZ 85754</u> (State) (Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: David Thomson
 (Name)

11834 S Brandywine Ln TUCSON AZ 85736
 (Street) (City) (State) (Zip)

520 822 9532 520 822 5214 520 405 1559
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Brown & Bain Attorneys At Law
 (Name)

One South Church, 19th Floor TUCSON AZ 85702
 (Street) (City) (State) (Zip)

520 798-7900 520 798 7945
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|--|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input checked="" type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME Francesca Water Co. Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	1,105		
302	Franchises			
303	Land and Land Rights	10,000		
304	Structures and Improvements			
307	Wells and Springs	38,160.9	30,152	8,517
311	Pumping Equipment	9,330	1,166	8,164
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	11,702 59,640	13,095 14,910	0 44,730
331	Transmission and Distribution Mains	75,034	57,990	17,044
333	Services	26,192	13,312	12,880
334	Meters and Meter Installations	9,147	7,034	2,113
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	5,218	2,712	2,505
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	3,000	1,500	1,500
344	Laboratory Equipment			
345	Power Operated Equipment	3,400	3,400	0
346	Communication Equipment	927	510.40	416.60
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	253,364.	145,781.40	97,869.60

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Francesca Water Co. Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	1,015		
302	Franchises			
303	Land and Land Rights	10,000		
304	Structures and Improvements			
307	Wells and Springs	38669	3.33	1288
311	Pumping Equipment	9330	12.5	1166
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	11,702 59,640	5	2982
331	Transmission and Distribution Mains	75,034	2	1501
333	Services	26,192	3.33	872
334	Meters and Meter Installations	9147	8.33	784
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	5218	6.67	348
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	3000	5	150
344	Laboratory Equipment			
345	Power Operated Equipment	3400	20	680
346	Communication Equipment	927	10	92.70
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	253,304		9863.70

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME Francesca Water Co., Inc.

BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 2415.23	\$ 1840.94
134	Working Funds	—	
135	Temporary Cash Investments	5518.36	11070.98
141	Customer Accounts Receivable	5931.76	10108.06
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	1000.00	1000.00
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 14865.35	\$ 11,119.98
	FIXED ASSETS		
101	Utility Plant in Service	\$ 204,144.00	\$ 253,364.
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	134,835.32	145,781.40
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 398,979.32	\$ 399,145.40
	TOTAL ASSETS	\$ 413,844.67	\$ 410,265.38

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Francesca Water Co. INC

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$ 3999.33	\$ 14435.104
232	Notes Payable (Current Portion)	0	0
234	Notes/Accounts Payable to Associated Companies	0	0
235	Customer Deposits	2775.00	3252.50
236	Accrued Taxes	139.00	411.00
237	Accrued Interest	255.55	611.84
241	Miscellaneous Current and Accrued Liabilities	0	0
	TOTAL CURRENT LIABILITIES	\$ 7168.88	\$ 18710.98
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 98,120.26	\$ 75753.43
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$ /	\$ /
252	Advances in Aid of Construction	/	/
255	Accumulated Deferred Investment Tax Credits	/	/
271	Contributions in Aid of Construction	/	/
272	Less: Amortization of Contributions	/	/
281	Accumulated Deferred Income Tax	/	/
	TOTAL DEFERRED CREDITS	\$ /	\$ /
	TOTAL LIABILITIES	\$ 105,289.14	\$ 94,464.41
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 100	\$ 100
211	Paid in Capital in Excess of Par Value	0	0
215	Retained Earnings	0	0
218	Proprietary Capital (Sole Props and Partnerships)	0	0
	TOTAL CAPITAL	\$ 100	\$ 100
	TOTAL LIABILITIES AND CAPITAL	\$ 105,389.14	\$ 94,564.41

COMPANY NAME Francesca Water Co. Inc

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 51,950.17	\$ 54,750.15
460	Unmetered Water Revenue		
474	Other Water Revenues	2,023.66	1799.41
	TOTAL REVENUES	\$ 53,973.83	\$ 56,549.56
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 5200.00	\$ 5200.00
610	Purchased Water	-	-
615	Purchased Power	6264.50	8193.00
618	Chemicals	48.37	37.05
620	Repairs and Maintenance	1601.47	1780.80
621	Office Supplies and Expense	4162.02	4345.88
630	Outside Services	13911.82	14216.00
635	Water Testing	1388.00	2313.49
641	Rents	948.00	948.00
650	Transportation Expenses	4411.66	2690.92
657	Insurance - General Liability	1315.00	1347.00
659	Insurance - Health and Life	0	0
666	Regulatory Commission Expense - Rate Case	0	0
675	Miscellaneous Expense	2085.46	2533.29
403	Depreciation Expense	9172.70	9863.70
408	Taxes Other Than Income	0	0
408.11	Property Taxes	3698.30	4172.23
409	Income Tax	139.00	411.00
	TOTAL OPERATING EXPENSES	\$ 54,296.30	\$ 58,052.36
	OPERATING INCOME/(LOSS)	\$ -322.47	\$ 1502.80
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ /	\$ /
421	Non-Utility Income	/	/
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	255.55	611.84
	TOTAL OTHER INCOME/(EXPENSE)	\$ 255.55	\$ 611.84
	NET INCOME/(LOSS)	\$ -578.02	\$ 2,114.64

COMPANY NAME Francesca Water Co Inc.

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	8/24/01	8/24/01		
Source of Loan	WIFA	WIFA		
ACC Decision No.	W-02838A	W-02838A		
Reason for Loan				
Dollar Amount Issued	\$ 44,368.48	\$ 97,000	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity	7/1/17	8/1/21		
Interest Rate	7.75 %	5.075 %	%	%
Current Year Interest	\$ 4207.49	\$ 779.69	\$	\$
Current Year Principle	\$ 3637.89	\$ 8708.87	\$	\$

Meter Deposit Balance at Test Year End

\$ 2502.50

Meter Deposits Refunded During the Test Year

\$ 136.50

COMPANY NAME	Francesca Water Co Inc.	
Name of System	Amber Ann	ADEQ Public Water System Number (if applicable) 10-317

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-535748	10hp	24-55	805'	10-8-7	2	1992

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2	/	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
25,000	1	2,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Francesca Water Co Inc		
Name of System	Talaway	ADEQ Public Water System Number (if applicable)	10-283

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-508617	10hp	24-55	550'	8	2	1984

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1	/	
7.5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
40,000	1	3,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Francesca Water Co Inc.	
Name of System	AMBER ANN	ADEQ Public Water System Number (if applicable) 10.317

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	1250
3		
4	PVC	2200
5		
6	PVC	1500
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	38
3/4	
1	2
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Francesca Water Co Inc	
Name of System	Talauey	ADEQ Public Water System Number (if applicable) 10-283

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	1917
3	PVC	329
4	PVC	4596
5	—	
6	PVC	2987
8		
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	88
3/4	
1	
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: <u>Francesca Water Co</u>	
Name of System <u>Amber Ann</u>	ADEQ Public Water System Number (if applicable) <u>10317</u>

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	34	172,240	185,700	
FEBRUARY	34	197,660	213,000	
MARCH	34	185,090	197,700	
APRIL	33	197,700	215,300	
MAY	33	278,970	319,600	
JUNE	33	283,680	335,000	
JULY	33	227,600	262,200	
AUGUST	33	189,700	184,800	
SEPTEMBER	33	180,020	197,600	
OCTOBER	34	204,870	209,600	
NOVEMBER	33	225,240	113,100	
DECEMBER	33	169,440	meter removed (broken)	
TOTALS →		2,515,880		

What is the level of arsenic for each well on your system? .0059 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? ____ GPM for ____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes (☒) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (☒) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (☒) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: <u>Francesca Water Co Inc</u>
Name of System <u>Talaway</u> ADEQ Public Water System Number (if applicable) <u>10283</u>

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	71	429,010	463,000	
FEBRUARY	72	500,080	508,900	
MARCH	73	470,930	470,500	
APRIL	73	566,080	577,100	
MAY	76	775,930	798,700	
JUNE	75	1,073,190	1,078,200	
JULY	75	786,495	824,600	
AUGUST	74	527,815	580,600	
SEPTEMBER	75	581,870	635,700	
OCTOBER	75	550,160	602,300	
NOVEMBER	75	558,517	586,700	
DECEMBER	75	405,533	420,000	
TOTALS →		7,225,180	7,546,730	

What is the level of arsenic for each well on your system? .0063 mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
() Yes (☒) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
() Yes (☒) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
() Yes (☒) No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Francesca Water Co YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 4172.23

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

VERIFICATION
AND
SWORN STATEMENT
Taxes

RECEIVED

APR 13 2007

VERIFICATION

STATE OF AZ
I, THE UNDERSIGNED
OF THE

AZ CORP COMM
Director Utilities

COUNTY OF (COUNTY NAME) <u>Pima</u>	
NAME (OWNER OR OFFICIAL) TITLE <u>Graci L Thompson Secretary</u>	
COMPANY NAME <u>Francesca Water Co Inc</u>	

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

State of Arizona
County of Pima

The foregoing instrument was acknowledged before me
this 03/22/07 (date) by Graci L Thompson

Graci L Thompson
SIGNATURE OF OWNER OR OFFICIAL

520-822-9704
TELEPHONE NUMBER

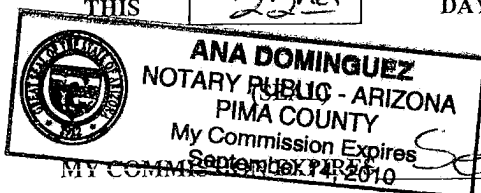
(Signature of Notary)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 22nd DAY OF

COUNTY NAME <u>Pima</u>		
MONTH <u>March</u>	YEAR <u>2007</u>	



Ana Dominguez
SIGNATURE OF NOTARY PUBLIC

COMPANY NAME _____ YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	_____
Estimated or Actual Federal Tax Liability	_____
State Taxable Income Reported	_____
Estimated or Actual State Tax Liability	_____
Amount of Grossed-Up Contributions/Advances:	
Amount of Contributions/Advances	_____
Amount of Gross-Up Tax Collected	_____
Total Grossed-Up Contributions/Advances	_____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

RECEIVED

APR 1 9 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>Pima</u>	
NAME (OWNER OR OFFICIAL) <u>Gradi L Thomson</u>	TITLE <u>Secretary</u>
COMPANY NAME <u>Francesca Water Co Inc</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 56,956.40

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 3,301.47
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

Date of Arizona
County of Pima

Gradi L Thomson
SIGNATURE OF OWNER OR OFFICIAL

520 822 9704
TELEPHONE NUMBER

The foregoing instrument was acknowledged before me this 03/22/07 (date) by Gradi L Thomson
SUBSCRIBED AND SWORN TO BEFORE ME

Ana Dominguez
Signature of Notary
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

22nd

DAY OF

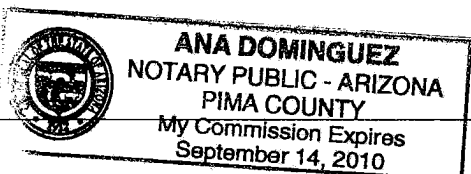
NOTARY PUBLIC NAME <u>Ana Dominguez</u>	
COUNTY NAME <u>Pima</u>	
MONTH <u>March</u>	YEAR <u>2007</u>

(SEAL)

MY COMMISSION EXPIRES

Sept. 14 2010 x

Ana Dominguez
SIGNATURE OF NOTARY PUBLIC



RECEIVED

VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only

APR 13 2007

AZ CORP COMM
Director Utilities

VERIFICATION

STATE OF _____

I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME)	Pima
NAME (OWNER OR OFFICIAL) TITLE	Gradi L Thomson Secretary
COMPANY NAME	Francesca Water Co Inc

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

State of Arizona
County of Pima

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 58,042.91

The foregoing instrument was acknowledged before me
this 03/22/07 (date) by Gradi L. Thomson

THE AMOUNT IN BOX ABOVE
INCLUDES \$ 3366.92
IN SALES TAXES BILLED, OR COLLECTED)

Ana Dominguez
(Signature of Notary)

****REVENUE REPORTED ON THIS PAGE MUST
INCLUDE SALES TAXES BILLED OR
COLLECTED. IF FOR ANY OTHER REASON,
THE REVENUE REPORTED ABOVE DOES NOT
AGREE WITH TOTAL OPERATING REVENUES
ELSEWHERE REPORTED, ATTACH THOSE
STATEMENTS THAT RECONCILE THE
DIFFERENCE. (EXPLAIN IN DETAIL)**

Gradi L Thomson
SIGNATURE OF OWNER OR OFFICIAL
520 822 9704
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 22nd DAY OF

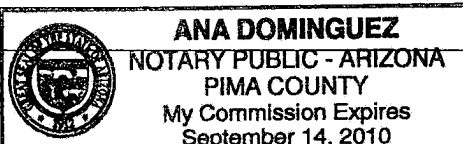
(SEAL)

COUNTY NAME	Pima
MONTH	March 20 07

MY COMMISSION EXPIRES

Sept. 14 2010

Ana Dominguez
SIGNATURE OF NOTARY PUBLIC



Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

FRANCESCA WATER CO INC
ATTN: DAVID A THOMSON JR/PRESIDENT
PO BOX 17991
TUCSON AZ 85731-7991

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2006 REAL ESTATE TAXES

BOOK	MAP	PARCEL	TOTAL TAX ASSESSED	DATE
902	05	1010	\$ 4,217.72	10/27/2006

PAYMENTS					
PAYMENT DATE	DESCRIPTION	TAX PAID	INTEREST PAID	FEES PAID	TOTAL
10/20/2006	FIRST HALF	\$2,108.86	\$0.00	\$0.00	\$2,108.86
	TOTAL PAID	\$2,108.86	\$0.00	\$0.00	\$2,108.86

PROPERTY ADDRESS

TAX YEAR 2006 BALANCE DUE

DESCRIPTION	AMOUNT
FIRST HALF TAX DUE	\$0.00
SECOND HALF TAX DUE	\$2,108.86
NSF FEE DUE	\$0.00
RECLAIMED REFUND DUE	\$0.00
TOTAL AMOUNT DUE	\$2,108.86

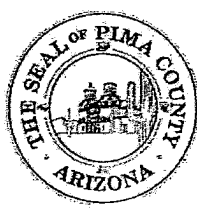
ADDITIONAL INFORMATION

FIRST HALF TAXES ARE DUE 10/01/2006 AND DELINQUENT AFTER 11/01/2006. SECOND HALF TAXES ARE DUE 03/01/2007 AND DELINQUENT AFTER 05/01/2007. INTEREST CHARGES ACCRUE FOR PAYMENTS MADE AFTER DELINQUENCY DATES. FOR PAYMENT INFORMATION AFTER DELINQUENCY DATES, PLEASE CALL (520) 740-8341 OR VISIT WWW.TO.PIMA.GOV

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

FRANCESCA WATER CO INC
ATTN: DAVID A THOMSON JR/PRESIDENT
PO BOX 17991
TUCSON AZ 85731-7991

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2005 REAL ESTATE TAXES

BOOK	MAP	PARCEL	TOTAL TAX ASSESSED	DATE
902	05	1010	\$ 4,014.97	4/27/2006

PAYMENTS

PAYMENT DATE	DESCRIPTION	TAX PAID	INTEREST PAID	FEES PAID	TOTAL
04/20/2006	SECOND HALF	\$2,007.48	\$0.00	\$0.00	\$2,007.48
	TOTAL PAID	\$2,007.48	\$0.00	\$0.00	\$2,007.48

PROPERTY ADDRESS

TAX YEAR 2005 BALANCE DUE

DESCRIPTION	AMOUNT
FIRST HALF TAX DUE	\$0.00
SECOND HALF TAX DUE	\$0.00
NSF FEE DUE	\$0.00
RECLAIMED REFUND DUE	\$0.00
TOTAL AMOUNT DUE	\$0.00

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

FRANCESCA WATER CO INC
ATTN: DAVID A THOMSON JR/PRESIDENT
PO BOX 17991
TUCSON AZ 85731-7991

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2006 REAL ESTATE TAXES

BOOK	MAP	PARCEL	TOTAL TAX ASSESSED	DATE
301	74	1360	\$ 20.90	10/6/2006

PAYMENTS

PAYMENT DATE	DESCRIPTION	TAX PAID	INTEREST PAID	FEES PAID	TOTAL
09/25/2006	FULL YEAR	\$20.90	\$0.00	\$0.00	\$20.90
TOTAL PAID		\$20.90	\$0.00	\$0.00	\$20.90

PROPERTY ADDRESS

TAX YEAR 2006 BALANCE DUE

DESCRIPTION	AMOUNT
FIRST HALF TAX DUE	\$0.00
SECOND HALF TAX DUE	\$0.00
NSF FEE DUE	\$0.00
RECLAIMED REFUND DUE	\$0.00
TOTAL AMOUNT DUE	\$0.00

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER

Beth Ford
Pima County Treasurer



Patti Davidson
Chief Deputy Treasurer

PIMA COUNTY TREASURER'S OFFICE

PIMA COUNTY TAX RECEIPT

FRANCESCA WATER CO INC
ATTN: DAVID A THOMSON JR/PRESIDENT
PO BOX 17991
TUCSON AZ 85731-7991

THIS IS YOUR RECEIPT FOR PAYMENT(S) OF 2006 REAL ESTATE TAXES

BOOK	MAP	PARCEL	TOTAL TAX ASSESSED	DATE
301	19	077B	\$ 34.99	10/6/2006

PAYMENTS

PAYMENT DATE	DESCRIPTION	TAX PAID	INTEREST PAID	FEES PAID	TOTAL
09/25/2006	FULL YEAR	\$34.99	\$0.00	\$0.00	\$34.99
	TOTAL PAID	\$34.99	\$0.00	\$0.00	\$34.99

PROPERTY ADDRESS

TAX YEAR 2006 BALANCE DUE

DESCRIPTION	AMOUNT
FIRST HALF TAX DUE	\$0.00
SECOND HALF TAX DUE	\$0.00
NSF FEE DUE	\$0.00
RECLAIMED REFUND DUE	\$0.00
TOTAL AMOUNT DUE	\$0.00

Thank you for your payment!

BETH FORD
PIMA COUNTY TREASURER